



## New Jersey Department of the Treasury Division of Taxation



# New Jersey Tax Updates

*Presented By: Stakeholder Liaison and Community Relations*



## New Jersey Tax Updates

- Income Tax
- Property Tax Relief Programs
  - ANCHOR
  - Property Tax Reimbursement
  - StayNJ
- Business Tax
- Resources For You



# Income Tax

## One Big Beautiful Bill Impacts in New Jersey

Tax Topic	Federal	State
Estate Tax	Impact	No Impact
Tips & Overtime	Impact	No Impact
Senior Deduction	Impact	No Impact
SALT Deduction Cap	Impact	No Impact
Automobile Loan Interest	Impact	No Impact
Charitable Contributions Deduction	Impact	No Impact
Child Tax Credit	Impact	No Impact



## One Big Beautiful Bill Impacts in New Jersey – Exemptions

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- Estate Tax
  - Federal Increased Exemption
  - New Jersey repealed Estate tax January 1, 2018
    - Inheritance Tax remains in effect

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## One Big Beautiful Bill Impacts in New Jersey – Deduction

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- Tips and Overtime
  - New Federal Deduction
    - Tips – Maximum \$25,000
    - Overtime – Maximum \$12,500 (\$25,000 MFJ)
  - NJ Income unchanged

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# Reporting Wages, Salaries, & Tips in New Jersey

## **New Jersey Employer**

- Reportable Wages, Salaries, Tips
  - W-2 Box 16
    - Including any cash payments

## **Non-NJ Employer**

- Reportable Wages, Salaries, Tips
  - W-2 Box 16
    - Including any cash payments
    - Adjusted to reflect NJ Tax Law

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# Reporting Wages, Salaries, & Tips in New Jersey

## Adjustments to Wages in Box 16

- Meals and Lodging
- Reimbursement of employee business expenses included as wages
- Reimbursements for certain moving expenses included as wages
- Certain compensation for injuries or sickness included as wages

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# One Big Beautiful Bill Impacts in New Jersey – Deduction

- Senior Deduction
  - Federal temporary additional deduction
    - \$6,000
    - 2025-2028
    - Phases out at \$75,000 (\$150,000 MFJ)
  - No impact to New Jersey
    - NJ does not follow federal deduction
    - Senior exemption of \$1,000 still applies

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# One Big Beautiful Bill Impacts in New Jersey – Deduction

- SALT Deduction
  - Federal raises SALT deduction cap temporarily
    - Households under \$500,000
  - NJ no impact
    - NJ does not allow deduction for state and local taxes
- Automobile Loan Interest Deduction
  - Federal temporary deduction
    - 2025-2028
  - No impact to New Jersey
    - NJ does not follow federal deduction

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## One Big Beautiful Bill Impacts in New Jersey – Deduction

- Charitable Deduction
  - Federal Changes
    - Creates .5% floor on itemized deduction for charitable contributions
    - Creates permanent \$1,000 above-the-line deduction for charitable contributions (\$2,000 for joint filers)
  - NJ no impact
    - NJ does not recognize charitable contributions deduction

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## One Big Beautiful Bill Impacts in New Jersey – Credits

- Child Tax Credit
  - Federal credit made permanent
    - Increase in 2026
  - No change to NJ Child Tax Credit
    - NJ Child Tax Credit began with tax year 2022

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## Child Tax Credit

**P.L.2023, c.72 - Doubled Child Tax Credit remains for tax year 2025**

- Refundable credit
- Qualifications:
  - New Jersey resident;
  - New Jersey taxable income of \$80,000 or less; and
  - Claiming a child age 5 or younger as a dependent

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## Child Tax Credit

### • 2025 Credit Calculation

New Jersey Taxable Income	The Credit Is
\$30,000 or under	\$1,000
\$30,001-\$40,000	\$800
\$40,001-\$50,000	\$600
\$50,001-\$60,000	\$400
\$60,001-\$80,000	\$200

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## NJ Earned Income Tax 2025

- 40% of Federal Earned Income Tax Rate
- Eligibility requirements remain the same
- Income Limits

Dependents	Single, Head of Household, Widowed	Married filing Jointly
0	\$19,104	\$26,214
1	\$50,434	\$57,554
2	\$57,310	\$64,430
3	\$61,555	\$68,675

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## Child and Dependent Care Credit

- Percentage of Federal Credit based on NJ Taxable Income
- Eligibility Requirements
  - Earned income
  - Paid someone to care for a qualifying person so they can work or look for work.

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# Child and Dependent Care Credit

## Income Limits & Percentages

NJ Taxable Income (Line 42)	Percentage of Federal Credit
\$30,000 or less	50%
Over \$30,000 but not over \$60,000	40%
Over \$60,000 but not over \$90,000	30%
Over \$90,000 but not over \$120,000	20%
Over \$120,000 but not over \$150,000	10%
Over \$150,000	Not Eligible

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# Capital Gains on Qualified Small Business Stock

P.L. 2025, c.67 Exempts capital gains on qualified small business stock for New Jersey Gross Income Tax to the extent that they are exempt federally under section 1202 of the federal internal revenue code of 1986 (26 U.S.C. s.1202).

- Beginning Tax Year 2026

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## Realty Transfer Fee Amendment

Additional Fee on transfers of real property over \$1,000,000

- Fee assessed to grantor

Consideration	Fee
In Excess of \$1,000,000 but not in excess of \$2,000,000	1%
In Excess of \$2,000,000 but not in excess of \$2,500,000	2%
In Excess of \$2,500,000 but not in excess of \$3,000,000	2.5%
In Excess of \$3,000,000 but not in excess of \$3,500,000	3%
In Excess of \$3,500,000	3.5%

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## 2025 Income Tax Filing Deadline

April 15, 2026

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## Estimated Payment

- Requirement
  - Income Tax obligation of more than \$400
- Due Dates

Payment Period	Due Dates
January 1 – April 1	April 15, 2025
April 2 – June 1	June 16, 2025
June 2 – September 1	September 15, 2025
September 2 – December 31	January 15, 2026

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## Estimated Payments

- Making Payments
  - E-Check
  - Credit Card
  - Check or Money Order (NJ-1040-ES)
- Take Credit
  - NJ-1040 Line 57
  - NJ-1040-NR Line 51
- Qualifying for an Exception
  - Form NJ-2210

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## Filing for an Extension

**An extension is an extension of time to file not of time to pay**

- Extension requirements
  - 80% of tax liability paid by 04/15/2026 and
  - Form NJ-630 filed by 04/15/2026, or copy of federal application for extension included with return
- Valid Extension
  - Interest is still assessed on remaining balance
- Invalid Extension
  - Late filing penalty
  - Interest assessed on balance due

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## Property Tax Relief

# Property Tax Relief Programs Budget Approval

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*All Property Tax Relief programs are subject to State Budget Approval*

*State Budgets are typically approved in late June/ early July.*

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# Property Tax Relief 2024



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## 2026 Budget Approval

- 2024 Property Tax Reimbursement
  - Fully Funded
- 2024 ANCHOR Benefits Funded

Renters		
Income Limits	Under 65	Over 65 in 2024
\$0 - \$150,000	\$450	\$700

  

Homeowners		
Income Limits	Under 65	Over 65 in 2024
\$150,001 - \$250,000	\$1000	\$1250
\$0 - \$150,000	\$1500	\$1750

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## 2026 Budget Approval

- 2024 STAYNJ

2026 Budget	
1 <sup>st</sup> Quarter – February 2026	Approved
2 <sup>nd</sup> Quarter – May 2026	Approved

2027 Budget	
3 <sup>rd</sup> Quarter – August 2026	Pending Budget Approval
4 <sup>th</sup> Quarter – November 2026	Pending Budget Approval

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# Property Tax Relief Applications

PAS-1 & ANC-1

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## Applicants 65 and Over or Disabled

### PAS-1 Combined Property Tax Relief Application

- Senior Freeze
  - Reimbursement of property tax increases
- ANCHOR
  - Varying benefit amount depending on income/ownership
- Stay NJ
  - Benefit up to 50% of the property taxes with a \$6,500 max

*Applicant will receive the **greater** of Stay NJ or the combined Senior Freeze/ANCHOR amount.*

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# PAS-1 (Combined Property Tax Relief Application)



## Who can use the PAS-1?

- Age 65 or Older or Receiving Federal Social Security Disability
- Homeowners, Tenants, Mobile Homeowners no later than 10/01/2024
- Income under \$500,000

## How Can I file?

- Paper
  - PDF of application available online now
  - Full instruction booklet and form were mailed in mid-march
- Web file
- Filing Deadline – October 31, 2025

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## Income ([P.L. 2023, c. 75](#) & [P.L. 2024, c. 88](#))

- Total income reported on Form NJ-1040;
- Tax-exempt interest;
- Distributions from or roll overs to a Roth IRA;
- Other retirement income excluded from taxation (non-taxable portion of retirement income and disability pensions); and
- Social Security.

***ANCHOR is now the only program based solely on NJ-1040 Gross Income.***

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## Applicants under 65 and Not Disabled

### ANC-1 (ANCHOR Only)

- Varying benefit amount depending on income/ownership

### Who can use the ANC-1 Application?

- Homeowners, Mobile Homeowners, and Renters on 10/01/2024
- Under 65 and not Receiving Federal Social Security Disability Benefits
- Income under \$250,000
- What's the filing deadline?
  - October 31, 2025

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## Applicants Under 65 and Not Disabled

### How can I file?

- Prior Year Applicants (Auto-file)
  - Letters began 8/13/25
  - Based on prior year
    - Same Property
    - Same benefit payment method
    - Allowed changes online until 9/15/2025
- New Applicants (ANC-1)
  - Available online mid-August
  - No Mailer
  - No ID & Pin (Homeowners)

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# Property Tax Reimbursement

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## 2024 PTR Eligibility Guidelines

- Age 65/older or receiving federal Social Security disability
  - by 12/31/24 **! NEW**
- Owned and lived in the home (3-Years) by 2024 **! NEW**
- Total annual income must have been
  - For 2023: \$163,050 or less, **and**
  - For 2024: \$168,268 or less

## Reimbursements

- 2024 Direct Deposit was available  NEW
- Check the status of a reimbursement [online](#)

### Reimbursement Disbursements

When Was the Application Sent?	Reimbursement Will Be Issued on or Before
Before May 1, 2025	July 15, 2025
Between May 1 – June 1, 2025	September 15, 2025
June 2 – September 1, 2025	November 1, 2025
September 2 – October 31, 2025	December 1, 2025

# ANCHOR



## 2024 ANCHOR Eligibility

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- No Age or Disability Requirement
- Owned or rented your New Jersey residence
  - On October 1, 2024
- 2024 New Jersey Gross Income
  - Homeowners \$250,000 or less
  - Tenants/Mobile Homeowners \$150,000 or Less

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## STAY NJ

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## 2024 Stay NJ Eligibility

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- Age 65 and older by 12/31/2024;
- New Jersey resident homeowner for tax year of 2024; and
- 2024 Income \$500,000 or less.

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## Benefit Payouts

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# Payment Timeline

## June 2025 – FY26 State Budget Passed

- July 15, 2025 – Senior Freeze portion begins to be issued
- September 15, 2025 – ANCHOR portion begins to be issued
- February 2026 – 1<sup>st</sup> quarter of Stay benefit issued
- May 2026 – 2<sup>nd</sup> quarter of Stay benefit issued

## June 2026 – FY27 State Budget Passed

- August 2026 – 3<sup>rd</sup> quarter of 2024 Stay benefit
- November 2026 – 4<sup>th</sup> quarter of 2024 Stay benefit

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# New: Notice of Benefits

- Required to notify applicants with an explanation of benefits annually:
  - Property tax amount used to determine
  - Senior Freeze benefit
  - ANCHOR benefit
  - Stay NJ benefit
  - Net reduction in property taxes
- Notice beginning late-October

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# Property Tax Relief 2025

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## Property Tax Relief Applications

- PAS-1 Combined Property Tax Relief Application will continue
  - Minor Changes
    - Expanded Income Worksheet
  - Expected Late February
- ANC-1
  - Non-Senior / Non-Disabled
  - Expected Summer 2026

*Applicant will receive the **greater** of Stay NJ or the combined Senior Freeze/ANCHOR amount.*

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## 2025 PTR-1 Eligibility Guidelines

- Age 65/older or receiving Federal Social Security disability or Railroad Retirement disability benefit ! NEW
  - By 12/31/25 ! NEW
- Owned and lived in the home (3-Years)
  - Since 12/31/22 ! NEW
- Total annual income must have been
  - For 2024: \$168,268 or less, **and**
  - For 2025: \$172,475 or less



## 2025 ANCHOR Eligibility

- No Age or Disability Requirement
- Owned or rented your New Jersey residence
  - On October 1, 2025
- 2025 New Jersey Gross Income
  - Homeowners \$250,000 or less
  - Tenants/Mobile Homeowners \$150,000 or Less



## Stay NJ

P.L.2023, c.75 Provides a Property Tax Credit of Up to Half of an Eligible Claimant's Property Tax Amount

- Cap or Maximum TBD
- Eligibility Requirements:
  - Age 65 and older;
  - New Jersey resident homeowner; and
  - Gross income for the prior year of less than \$500,000

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## Business Tax

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# Sales Tax

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## Sales Tax Exemptions

- Zero Emission Vehicles Exemption
  - Phase out final 06/30/2025
  - 07/01/2025 full sales tax 6.625%
- New Exemption
  - Metal Bullion & Investment Coins
    - Applies to receipts 01/01/2025

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## Implemented May 2025: Major Upgrades to the NJ Sales Tax-Filing System



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## Major Upgrades to the NJ Portal Phase 2



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## Tax Types Moving to the New Jersey Portal

Tax Types	Tax Types
Controlling Interest Transfer Tax	Corporation Banking
Corporation Business Tax	Corporation Financial
Corporation Unitary	Employer Withholding (Payroll)
Grants Process	Insurance Premiums
Nursing Home Assessment	Partnership
Pass-Through Business Alternative Income Tax (BAIT/PTE)	Risk Retention

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## Online Gaming and Wagering Tax

P.L. 2025, c. 66 increases the tax on certain online gaming and wagering

- Internet Casino Gaming Tax
  - 15% to 19.75%
- Internet Sports Wagering Tax
  - 13% to 19.75%
- Daily fantasy sports operating fee
  - 10.5% to 19.75%

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# Corporate Business Tax

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## Corporate Transit Fee

[P.L. 2024, c. 20](#) imposes a 2.5% Corporate Transit Fee

- Effective January 1, 2024 – December 31, 2028
- Applied to taxable net income over \$10 million
  - Does not apply to public utilities & New Jersey S corporations
- Calculation

**9% CBT Tax + 2.5% Corporate Transit Fee = 11.5% Total Tax x Taxable Net Income**



## Electing S-Corporation Status Reminder

**Assembly Bill No. 4295 signed into law by Governor Murphy on December 22, 2022:**

- Eliminates the requirement to separately elect New Jersey s corporation status
  - Effective beginning with the tax year 2023
- We join the majority of states that accept the federal s election without requiring an additional State election.

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## Electing S-Corporation Status Reminder

**Assembly Bill No. 4295 signed into law by Governor Murphy on December 22, 2022:**

- Retains the requirement that the S Corporation & each shareholder affirmatively consent to existing jurisdictional requirements
  - In a form and manner to be determined by the Director
    - Used to be done with the Form CBT-2553
    - It is now part of the Online Business Formation on the Division of Revenue's website.
- S corporations must also report any change in their shareholders or their share of ownership

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## Electing S-Corporation Status Reminder

- Step 1
  - Must form as a corporation
- Step 2
  - Must elect federal s-corporation status (fed form 2553)
- Step 3 (beginning with tax year 2023)
  - Complete the Shareholder Jurisdictional Consent **and**
  - provide a copy of the federal approval letter  
(letter or notice will be denoted as CP261 or 385C by the IRS)

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## Electing S-Corporation Status Reminder

**If the entity does not yet have a copy of the federal approval letter at the time of initial registration:**

- They will NOT get to the Shareholder Jurisdictional Consent during the registration process.
- In that case, they will need to provide a copy of the federal approval letter and complete the Shareholder Jurisdictional Consent once the letter is received by **either**:
  - Submitting the documentation when filing the S corporation return (Form CBT-100S) **or**
  - Using the Division of Revenue's online S Corporation Election system to submit the documentation

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## Change to Filing Procedures for S Corporations & their QSSS(es)

**Effective for tax year 2024 and forward, S corporations and their QSSS(es) are no longer required to file separate returns.**

- The parent and QSSS must now file the CBT-100S together on one return.

For more information, see the online Notice: [Moving QSSS Payments to the S corporation Parent's Account.](#)

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## Mediation Pilot Program

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# Mediation Pilot Program

## **Resolving Audit Controversies through Mediation**

- Launching October 2025
  - 24 month Pilot Program
- CBT & Sales Tax only
  - Assessments
  - refunds
- Requirements
  - In Audit
    - Cases already in Conference and Appeals or Tax Court not eligible
  - \$5,000 or greater (excluding penalties and interest)

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# Mediation Pilot Program

- Mediation does not replace audit
  - Offered during post-audit conference
- Goals
  - Facilitating communication between the parties;
  - Helping identify the core issues and barriers;
  - Helping identify possible resolution options.
- Program Participation
  - No Fee
  - Initiated by Taxpayer
  - Voluntary

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## Mediation Pilot Program

- Applying for Mediation
  - Application for Mediation (Form NJ-MED)
  - Consent to Extend the Statute of Limitations
    - If within 210 days of expiration
  - Signed Mediation Agreement
- Program Acceptance
  - Written notice
    - Accepted
      - Assigned Mediator
      - How to schedule first mediation session
    - Rejected
      - Explanation
      - Returned to Audit

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## Mediation Pilot Program

- Length of Mediation
  - Varies
    - Statute of Limitations extended 210 days
    - Goal 180 days or less
- Post Mediation
  - Mediation without resolution
    - Taxpayer retains statutory remedies
      - Protest with Conference and Appeals, or
      - Complaint with Tax Court
  - Mediation with Resolution
    - Fully executed closing agreement
    - Resolution does not constitute precedent

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# Resources For You

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## Tax Practitioner Contact Information

- New Jersey Tax Practitioner Hotlines
  - Income Tax - (609)633-6657
  - Business Inquiries - (609)633-6905
- Practitioner Priority E-mail
  - *Contact Us* Page
  - *Select Email*
  - *Choose Tax Practitioner* link
- Business Hours
  - Monday – Friday
    - 8:30am – 4:00pm

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## General Contact Information

- Main Customer Service Center
  - Monday - Friday 8:00 a.m. until 4:00 p.m.
  - 609.292.6400
- ANCHOR
  - Monday - Friday 8:30 a.m. until 5:30 p.m.
  - 1.888.238.1233
  - Make an Appointment
    - <https://www.nj.gov/treasury/taxation/contact-office.shtml>
- Senior Freeze Information Line
  - Monday - Friday 8:30 a.m. until 5:30 p.m.
  - 1800.882.6597

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## Regional Offices

- Cranford, Fair Lawn, Freehold, Galloway, and Trenton Regional Offices
  - [Appointments Recommended](#)
    - 8:30am – 4pm
- What to bring
  - All necessary documents
  - Government issued ID
  - M-5008-R (If you're representing a taxpayer)
- We do not accept cash payments

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